

FISCAL NOTE
HB 2841 - SB 3027

March 19, 2000

SUMMARY OF BILL: Requires the Department of Mental Health and Mental Retardation to assess in writing the fiscal impact on a licensed facility resulting from any change to a rule, regulation, policy or guideline that relates to such entity's staffing, physical plant or operating procedures. The department's estimate of fiscal impact must be transmitted to the Comptroller of the Treasury for consideration in determining what are reasonable and allowable costs for such licensee. Under this bill, payment by the department to licensees for mental retardation services would be based on a consideration of the reasonable, allowable prospective costs, including capital and training costs, that will be incurred during the contract term by an economically operated provider.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$8,392,800

Other Fiscal Impact - Increase Federal Expenditures - Exceeds \$14,674,600

Assumes:

- That a change to reasonable, allowable prospective costs would result in a minimum ten percent increase in reimbursement rates. According to the Comptroller of the Treasury, reimbursement rates using reasonable and allowable costs would be calculated using Medicare principles, which are well-established guidelines. Current rates for community mental retardation providers are calculated based upon a prototypical community agency. These rates do not currently reimburse at 100% of cost and must be approved by the Health Finance Administration as less expensive than institutional settings. Current Home and Community Based Waivers are budgeted at \$230,673,900 for fiscal year 2001.
- There would be some administrative costs for rule making hearings but the expense is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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